C5150-5

Nation's Restaurant News®

THE NEWSWEEKLY OF THE FOODSERVICE INDUSTRY

SECOND CLASS

Vol. 24, No. 44 | Published every Monday by Lebhar-Friedman Inc., $3 per issue | November 5, 1990

New moves at Denny's, Canteen

by Peter Romeo

SPARTANBURG, S.C. — Ted Arts has ascended to the top executive post at contract-feeding giant Canteen and Bernard Scott has moved up to succeed Sam Maw as head of the Denny's coffee-shop chain in another management realignment by TW Services.

Maw has been promoted to the newly created post of senior vice president of product development for all of TW's operations, which also include the El Pollo Loco chicken chain, the Quincy's steakhouse system and 400 franchised Hardee's units.

Arts, Scott and Maw report to Jerry Richardson, who remains TW's president and chief executive. However, the changes relieve Richardson of his day-to-day responsibility for Canteen, which he had overseen since longtime skipper Bob Kozlowski resigned last year.

In addition, TW said it has commenced a consolidation of its $3.7 billion-a-year foodservice empire. The headquarters of Denny's and Canteen will be moved from Irvine, Calif., and Chicago, respectively, to TW's corporate base here, where Quincy's and the Hardee's division already are located.

The restructuring caps a year of sometimes wrenching changes for TW, which has b[illegible]ed since its l[illegible] last year by C[illegible]ers, a New Y[illegible] partnership. F[illegible] company al-r[illegible]ed Denny's h[illegible]e and shuf-f[illegible]nt-leading c[illegible]nt twice.

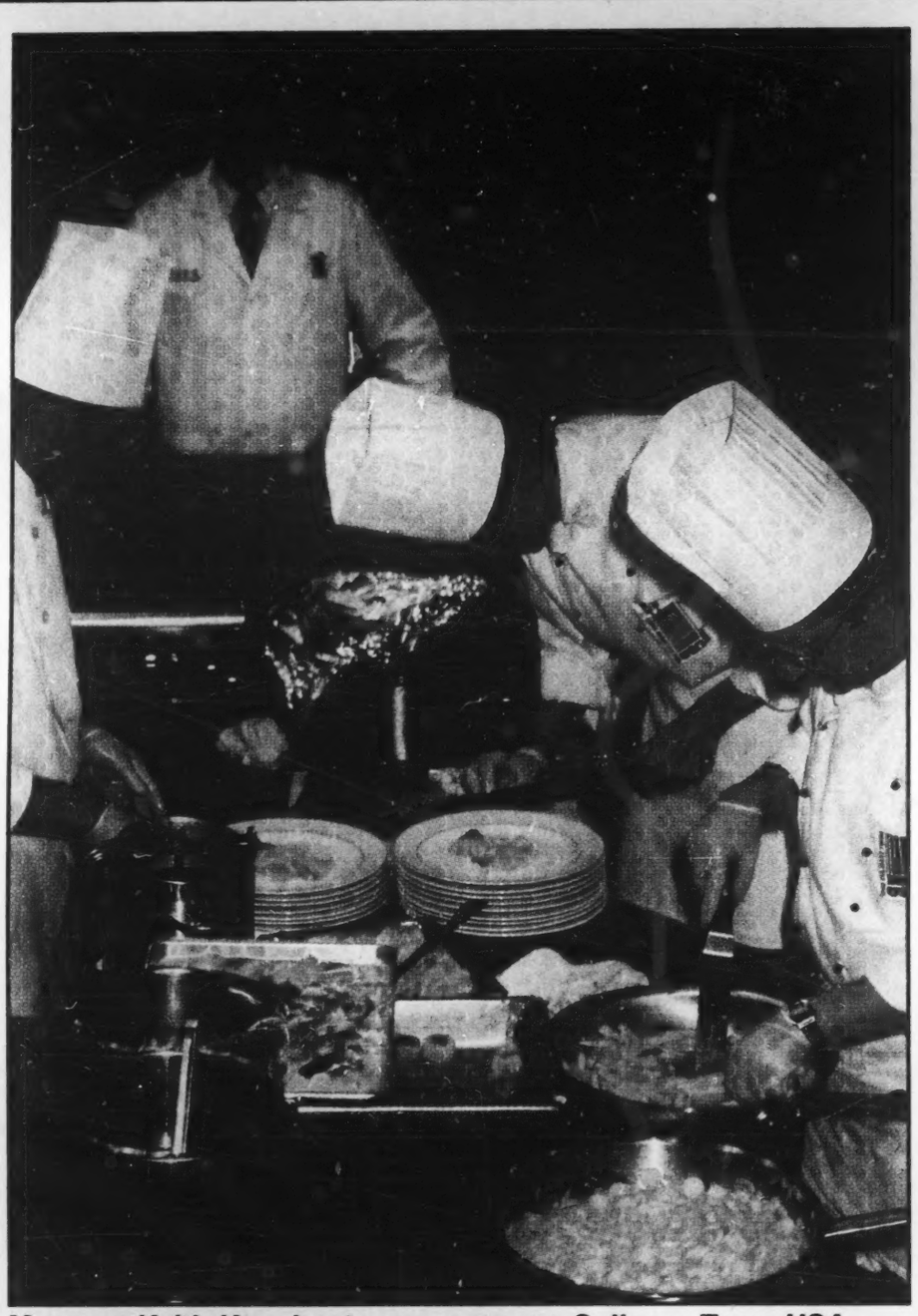
ES, page 44)

ALL FOR SDC
* 05366 ********** 3-DIGIT
00133900 NR PERSO
MS JEANNE LONG OTHER
CONGRESSIONAL INFORMATION S
4520 EAST-WEST HIGHWAY
BETHESDA MD 20814

s U.S. urants
ge 21

ve on

Women in foodservice
Focus/Page 27



Manager Keith Keogh, at rear, oversees Culinary Team USA during practice session for Expo Gast '90.

Team USA girds to defend title in Luxemburg

by Jack Hayes

ORLANDO, Fla. — Confident that a return to basics and the regional flavors of America will give them the winning edge they need, the 1992 Culinary Team USA is preparing to defend the nation's World Cup title in Luxemburg this week.

Cooking in international competition for the first time since they became a team, America's top five culinary team members will face a field of challengers from 20 nations at the prestigious Expo Gast '90.

The team will head for the competition armed with such regionally influenced hot-food plates as Kennebunkport Fisherman's Kettle, Barbecued Short Rib Bonanza and Summer Breeze Catalina. At the same time, Team USA's chefs will bolster that effort with a cold-food theme attack built around America in autumn, mixing seasonal vegetables with game favorites including rabbit and quail.

"We have our opinions, but this [Luxemburg] is where we're going to find out," said Team USA manager Keith Keogh, the executive chef for Walt Disney World's Epcot Center here, who calls the new strategy "a return to the basics."

More than 1,000 international chefs will attend the quadrennial World Cup event, set for this month at the Nouvelle Foire in Luxemburg-Kirchberg. Ranked the second most important team competition on the international scene — only behind the legendary

(See TEAM, page 44)

Energy costs peril profits

Operators face hikes as crisis in Gulf scrambles oil prices

by Peter O. Keegan

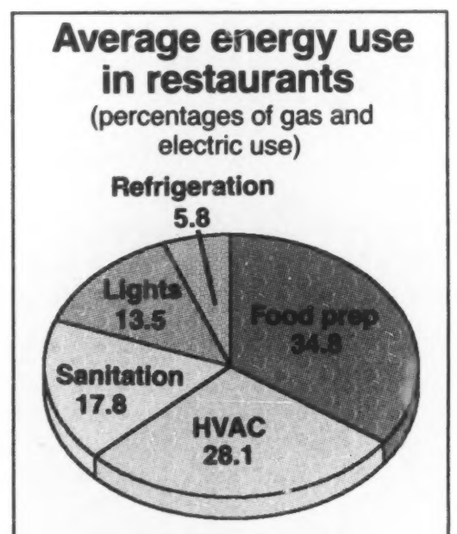
Foodservice operators across the nation are bracing for escalating energy bills — and for many the blow to the bottom line could mean a hard winter ahead.

With oil prices reaching new heights as a result of the Persian Gulf crisis, electric, gas and oil companies are passing on the additional expenses at a tough time in the industry and pressuring already slim profit margins for operators.

"If this keeps up, everyone is going to have to look harder at the cost benefits of additional capital expenditures," said Willam Dolan, senior operations vice president at Rax Restaurants. Dolan reports that his company periodically works with local utility companies to review rate structures and conservation techniques.

Smart operators in all segments of the industry are realizing that in addition to concentrating on shaving pennies off their food and labor costs, they can also increase margins by saving energy. And faced with rising rates, they are pur-

(See ENERGY, page 45)



Energy-saving tips
Page 45

In change of heart, Arby's convention applauds Posner

by Jack Hayes

ATLANTA — In a show of diplomacy unseen since Jimmy Carter got Menachem Begin and Anwar Sadat to embrace at Camp David, Arby's Inc. president Frank Belatti lured the reclusive Victor Posner into a roomful of applauding franchisees and executives at the company's 26th annual convention here.

"A year ago we were locked in a crazy ownership dispute," Posner admitted in a brief yet galvanizing address at the Arby's awards dinner. "Today I look ahead, and I see a bright future for all of us," added the secretive financier, pro-

(See ARBY'S, page 45)

NRN Photo

Belatti, left, and Posner embrace in a show of unity.

BEST AVAILABLE COPY

THIS WEEK

NEWS

4 Tom Carvel: Whipped $15 loan into a soft-serve empire
7 Riverboat casinos ready to roll on Mississippi
32 Conventioneers hit by salmonella now number 1,008
43 Waring golf tourney raises funds for charity
43 Resorts exchange culinary secrets

FOOD

11 Fabricant/Pork producers cut a place in fine-dining menus
11 Actuelle's Gielisse wins in 1990 Pork Recipe Contest
11 New season menu at Felidia
11 Panda Inn branch inaugurates buffet brunch
11 La Tour's Weber unveils new fall harvest menu
11 Chefs from Westwood Marquis cook winemaker feast
11 What's Hot in Houston

MARKETING

12 Fred P. Ott's gets identity, new menu in promo
12 NRN Marketing Digest
12 Ad Watch

FINANCIAL

14 Consolidated says recap plan won't slow expansion rate
14 Food Price Outlook
14 NRN Fact File
14 Food courts score big gains
14 Marriott mulls financing options
14 Supermarkets gain in takeout market
14 Pancho's makes margin advances
14 Cooker sets 500,000 share buyback

COAST TO COAST

18 Sales heat up at Cajun Burger Tyme concept
18 Martin/The plight of the LA valets
18 Jury awards $6.2M in DWI suit
18 Changes at Chez Louis, Broadway Grill
18 Students chip in for operation cookie
18 South of the Border turns to canola oil
18 Southwestern, French fuse at Chimayo
18 Outlaws Steakhouse & Cantina opens

OPINION

21 Bernstein/Italy invades U.S. with restaurants
24 Telberg/How to thrive in a recession: Don't flinch

FOCUS

27 Women in foodservice: The struggle to the top

OPERATIONS

16 Hochstein/Higher champagne costs and missing Beaujolais
17 Grimes/To use cash or not: That is the question . . .
19 Patterson/Smallwares often overlooked in the kitchen

FEATURES

24 Side Dishes
24 Name of the week
33 Product Showcase
35 Food Service Mart
44 Advertiser Index
44 Subject Index

NRN DIRECTORY

For complete directory, see **page 21.**

For your own subscription to Nation's Restaurant News, call toll-free 1 (800) 447-7133. For problems, call (212) 697-2165 or (212) 697-2166.

For other business, call (212) 371-9400 and extension:

285 Newsroom
404 Display advertising
492 Foodservice Mart

Subscription rate: Food-service operators and wholesalers/distributors, one year $34.50; 2 years $55.00; auxiliary (consultants, architects, designers, manufacturers, suppliers, schools) and all others: $59.

Nation's Restaurant News (ISSN 0028-0518) is published weekly, every Monday except the first Monday in July and the last Monday in December, by Lebhar-Friedman, Inc., 425 Park Ave., New York, N.Y. 10022. Second-class postage paid at New York, N.Y., and additional mailing offices. POSTMASTER: Send change of address to Subscription Department, Nation's Restaurant News, 305 Madison Ave., Suite 535, New York, N.Y. 10165-0079.

For change of address, please write Subscription Dept., Nation's Restaurant News, 305 Madison Ave., Suite 535, New York, N.Y. 10165-0079.

Six weeks' notice is requested. Please send old and new address and zip codes. If possible, include label.

PERMISSIONS: All materials in this publication are copyrighted and may not be reproduced in any form without written permission. Requests for permission should be directed to James C. Doherty, publisher.

Vol. 24, No. 44 November 5, 1990

NEWS BRIEFS

Hardee's to reduce corporate staff

ROCKY MOUNT, N.C. — Hardee's Food Systems said it plans to trim 125 positions from its corporate payroll, reducing its headquarters staff by about 12 percent.

Separately, the nation's third-largest hamburger chain has enlisted former Pepsi-Cola and Kellogg Co. executive Michael Simpson to head its marketing efforts as executive vice president.

The staff reduction is part of a company realignment to focus on franchising and reduce its 38-percent, company-to-franchised-store ratio, said spokesman John Merritt. Cutbacks will come mostly from departments related to support services for company-owned units, he said, noting that cash incentives and early retirement packages were being offered to employees who volunteered to leave before layoffs were enacted.

Meanwhile, Hardee's is moving to eliminate a layer of management from its field operations by placing 50 or more district managers back in top-performing company restaurants and increasing the number of units under the direction of each remaining field manager.

Bob Evans unveils new 3-in-1 concept for resort areas

COLUMBUS, Ohio — Bob Evans Farms, the 247-unit family restaurant chain based here, has unveiled a new three-in-one concept — combining a restaurant, bakery and gift shop — that the company plans to develop in resort and tourist areas.

Called Bob Evans General Store, the multipurpose format sells arts and crafts and a new line of Bob Evans merchandise. The bakery will offer an extensive line of products, the company said.

According to the company, the design is similar to the format of the original Bob Evans restaurant in Rio Grande, Ohio. It is also similar in concept to Cracker Barrel, a highly successful chain of restaurant-gift-shop combination outlets located along highways.

The initial Bob Evans General Store is scheduled to open in April 1991 at the Kings Island Amusement Park in Mason, Ohio. Additional planned sites include Myrtle Beach, S.C., and Breezewood, Pa.

D'Amico plan bocci-pool unit

MINNEAPOLIS — D'Amico Partners, owner and operator of such well-known fine-dining restaurants here as D'Amico Cucina and Azur, is developing a new casual restaurant and bar that will feature an indoor bocci court and pool tables.

Bocci — the traditional Italian sport that involves rolling melon-size wooden balls — will be located near D'Amico Cucina, across from the city's brand new arena, home to the Minnesota Timberwolves professional basketball team.

According to partner Richard D'Amico, the three-level restaurant will occupy 9,000 square feet and will feature an Italian and sports and entertainment theme. Targeted check averages at the restaurant, which is expected to open in February, will be about $7 for lunch and $12 for dinner, D'Amico said.

In other news, D'Amico Partners has taken over management of the high-volume Heartthrob Cafe and Philadelphia Bandstand in Minneapolis.

'Bill' Monro shuts Biff's

OAKLAND, Calif. — Veteran restaurateur S.J. "Bill" Monro, a past president of the California Restaurant Association and an active member of the National Restaurant Association, has closed Biff's Coffee Shop after a 27-year run.

Regular customers of the 24-hour restaurant known for hearty fare, such as the "Hangover Omelette," and friendly waitresses, were recently shocked to find a note on the door, confirming that the business had ceased operation.

Monro was unavailable for comment, but the Oakland Tribune reported that the closure was related to his health and a slowdown in business at the restaurant. Monro previously owned the once-popular Pam Pam Cafe in San Francisco's theater district and an adjoining prime rib restaurant called Rosebud's.

Rax closes 16 units in La., Fla.

COLUMBUS, Ohio — Rax Restaurants, the 450-unit sandwich chain based here, said it had shuttered a total of 16 underperforming units in Louisiana and Tampa, Fla.

"In Louisiana and the Tampa area, we simply lacked the necessary penetration to efficiently market our restaurants," Rax chief executive Ira Hermann said in a prepared statement.

The unit closings are the second major cutback at the chain in as many months. In September, Rax trimmed about 30 employees from its corporate staff, including Graydon Webb, a senior vice president.

Congress passes immigration bill to ease labor crunch

WASHINGTON — In a bid to ease the nation's labor crunch, Congress has passed legislation that will boost immigration by 40 percent beginning in 1992.

President Bush has said he would sign the bill.

The foodservice industry has championed increased immigration as a means of drawing more persons into the trade's shrinking labor pool. However, the bill passed by Congress largely boosts the quota of skilled workers who may enter the country, rather than persons likely to seek the entry-level vacancies that abound in the restaurant trade.

The measure would permit 700,000 immigrants to annually relocate in the United States during 1992, '93 and '94. That compares with the current quota of about 500,000.

Advocates vow to resurrect Civil Rights Act

WASHINGTON — Civil-rights advocates have already vowed to resurrect in 1991 the controversial anti-discrimination act President Bush vetoed in late October at the urging of the restaurant industry and other business groups.

The business community has identified the Civil Rights Act as one of the most threatening legislative proposals to arise in recent years.

The initiative rejected by Bush would have expanded access to the courts by persons who believed they were the victims of discrimination at their jobs.

In addition, the act sought to reverse recent court rulings that in effect made job discrimination cases harder for plaintiffs to win.

Opponents — including President Bush — contended that the changes would have forced businesses to prove their innocence and fend off lawsuits by using hiring quotas.

Civil-rights proponents have dismissed that argument as a rationalization of employers' unwillingness to promote the interests of women and minorities.

Harry M. Stevens loses NY's Garden

NEW YORK — Paramount Industries, the parent company of Madison Square Garden, has decided to form its own in-house foodservice division and assume management of the historic sporting venue's concessions from contract-feeder Harry M. Stevens.

The operations generate an estimated $20 million annually.

Cranbury, N.J.-based Stevens had provided food and retail services at each of the Garden's three New York City locations since the late 1930s.

A Stevens spokesman said the company would vacate the Garden by June 30, 1991.

LEYE checks into Baja Beach Club

CHICAGO — Lettuce Entertain You Enterprises, a well-known multiconcept restaurant operator based here, has agreed to take over management of the restaurant of the Baja Beach Club from Heartthrob Enterprises.

"We are really excited about it," said Charles Haskell, an LEYE executive, adding that the new restaurant will be named The Original A-1 Beanery/West Texas BBQ & Bail Bonds.

NEWS

Energy costs peril profits as Gulf situation scrambles oil prices

(Continued from page 1)
chasing new energy-efficient equipment, adding insulation, turning off fryers and taking advantage of audits from their local utility companies.

"I foresee a pretty good increase in utility rates," warns Bob Patterson of Laventhol & Horwath, an accounting and consulting firm. "Operators foresee it happening, but they are not feeling it yet."

Patterson expects operators to see significant increases in effect by February and added that it's hard to predict how high rates will rise.

Electric rates rose 2 percent in October and many electric companies are applying for six to 10 percent rate hikes while increasing bills through fuel adjustment clauses — the part of the bill that adjusts prices to fuel costs each month.

The Northeast and Southwest will be hardest hit because they have fewer gas pipelines and are more dependent on electricity from oil-fired facilities. In the Northeast, 40 percent of electricity is derived from fuel oil and in Hawaii, electric companies are almost 100 percent dependent on oil for manufacturing electricity.

Effects of rising oil prices will be less devastating in other parts of the country, where coal, hydro, nuclear and natural gas fuels are used to turn the turbines that make electricity.

"We still inventory our electric usage every night," said Ed Rensi, president of McDonald's USA.

Following crude oil, home heating oil and natural gas prices are on the rise as well. One third of all home heating oil consumed is still by commercial operations, and the 30 percent jump in prices in the last six months is leaving operators with sticker shock. Natural gas will rise about the rate of inflation this year, which is currently 9.5 percent, according to the American Gas Association.

"When the oil industry is affected, then we are affected," said Carl Erickson of the gas association. Erickson reports that gas rates in 1989 were 14 percent lower than they were in 1985. But, he predicted, demand for natural gas, due to the Middle East crisis, would raise prices over the next year.

At Bob Evans Farms, the company "spot markets" — or purchases gas wholesale — for restaurants in Pennsylvania and Ohio, where the rates are among the highest.

"We have an energy management system in 100 of our restaurants that controls on and off functions," said Bob Evans spokeswoman Tammy Roberts. "If a walk-in cooler or air conditioner reaches a certain level, it will shut off for 15 minutes to save electricity."

Restaurant operating costs typically run between 3 percent and 5 percent of restaurant sales, but could go as high as 7 percent in the future, reports the Edison Electric Institute. The trade association also says that utility costs nearly equal profits at many operations, so savings on utility costs flow directly to the bottom line.

"The single largest category is food preparation equipment," said Bob Harrington, assistant director of technical services at the National Restaurant Association. Harrington pointed out that 34.8 percent of energy bills go to running fryers, steamers, slicers, griddles, broilers, ovens, grills and other kitchen food prep equipment.

The second largest user is heating, ventilation and air conditioning (HVAC), which is mainly run by electricity, consuming 28.1 percent of the energy bill. The two combined make up more than 60 percent of total energy used in restaurants.

In a 1985 study, where the NRA metered each category of restaurant energy usage, Harrington found that the greatest waste of energy is in pre-heating and idle time. "To save energy, operators should take a look at how long ahead of time they are pre-heating ovens and griddles," stated Harington. "Instead of a 40-minute preheat time, can it go to 30?"

He pointed out that during a slump time — say between lunch and dinner — operators can turn off two of four fryers that are not in use to conserve energy. He also points out that HVAC savings can be realized from insulation, weather seals and taking advantage of energy audits from utility companies. "The potential is there for big impacts on savings," he said.

"The sensible operator should be looking at energy saving equipment," said NRA's Harrington. "Some operators say, 'It's coming, I better think now,' while others will wait until they see the effects."

He advises operators to critically evaluate projected costs, depreciation, repairs and life-cycle of equipment and payback periods before changing deciding on when and what to purchase.

Energy-saving tips

More and more operators are purchasing energy-efficient equipment for long-term savings; a few of the latest innovations include:

- Fluorescent lamps are four to five times as efficient as incandescent lamps and last up to seven times as long. Replacing a 150-watt bulb with a 13-watt high-efficiency compact fluorescent bulb can mean big savings.
- Heat recovery systems capture 25 percent to 33 percent of waste heat from air conditioners and refrigeration systems. The heat is then recycled to heat water.
- Heat pump water heaters are equipped with evaporators to capture heat above kitchen hot spots — cooking lines and dishwashing areas — to make hot water. In addition, cool, dry air — a by-product of the heat pump — is pumped back into the kitchen. The cost is about $2,000, but operators can save up to $1,200 to $1,500 in the first year alone.
- Solid-state thermostatic controls maintain accurate and efficient temperatures.
- Energy-saving variable-speed heat-pump compressors that match up output with demand for heating and cooling; energy-efficient fan motors; and automatic night setback and morning warm-up controls.

Arby's executives welcome Posner

(Continued from page 1)
jecting a rare smile in one of his rarer-yet public appearances.

Posner — who controls Arby's through Miami-based DWG Corp. — infuriated franchisees last year when he ousted Arby's president Leonard Roberts, ignored a $200-million takeover bid, and threatened to pull the corporate headquarters out of Atlanta.

"I'm making an-investment in your future," Posner told the franchisees. "I share Frank's vision and enthusiasm — so I've agreed to spend $200 million in the next five years to make Arby's the best fast-food company in America."

This year's gathering of corporate and franchisee leaders — playing to the theme "Whatever It Takes" — parted with a pledge to keep Arby's out of the doldrums of recession and drive it ahead of its competition in the 1990s.

"We have every intention of owning the 90s," said Belatti, conceding the average unit's sales grew by only 2 percent during the past year. "We realize we've slowed down. The whole industry has slowed down. But somebody is going to win in this decade, and we want it to be us."

Approaching the close of another landmark year, Arby's acquired or built 40 new company units, hired 50 new corporate staffers, split the system into five regional offices and attacked several new international markets during 1990.

Posner, meanwhile, has authorized the building of 200 new company stores — and the renovation of 190 more units — by 1995.

"Last year was a bump in the road," said J.B. McGuire, a 4-unit franchisee who heads Sausalito, Calif.-based Altamira Corp. "Arby's is laying golden eggs, and Posner's not going to do anything to hurt his goose."

Running 7th among the the nation's eighteen largest sandwich chains, with domestic sales projected at $1.29 billion from 2,337 stores, Arby's will own roughly 3.5 percent of the 1990 fast-service sandwich market — in contrast to McDonald's $12.84 billion in U.S. sales from 8,650 units and a 35.8 percent market share.

Arby's recognized more than one hundred restaurants for breaking the $1 million sales mark. A unit operated by Richmond, Va.-based The Restaurant Co. — a 15-unit franchisee — led the system with volume of $1,721,000. The Altamira Corp. was another honoree.

Yet, even though supportive of Belatti — who became the fourth president at Arby's in as many months after Roberts' hostile departure in August, 1989 — the franchisees are still somewhat nervous about sagging sales and traffic.

And one franchisee representative, requesting anonymity, voiced concern about whether shrunken royalties — resulting from the economy's downward push on sales — will threaten Arby's ability to retire major debts that are coming due next year.

"Everybody's upbeat here at the convention, but out there facing the real economy they turn cautious," said Bill Lunsford, a 3-store franchisee who owns Arbco enterprises in Morristown, Tenn.

"We'd all like to have that magic bullet," added 3-unit Arby's operator Roy McDonald of Dijan, Inc. in Clarks Summit, Pa., echoing the mood of almost every franchisee interviewed here.

Arby's answered the franchisees not merely with new test products and new seasonal promotions, but with a menu of new store designs, new renovation packages, new labor-saving equipment, and even new food concepts including the Daddy-O's double drive-thru operation just acquired from Columbus, Ohio-based G.D. Ritzy's, Inc.

"You can't just call for another flight of television or drop another coupon," said Belatti. "We're like a football team coming out of the tunnel onto a frozen field. The snow is flying, and the first reaction is panic and discomfort. But this economic contraction will pass."

"We've got about a hundred franchisees who haven't been through this [soft business] cycle yet," said Larry Krueger, Arby's marketing executive vice president. "But the rest are out there hunkering down," he added.

Meanwhile, Arby's is shifting it's short-term game plan to more in-store promotions and custom-designed promotional sandwiches that are profitable.

This year's gathering of corporate and franchisee leaders — playing to the theme "Whatever It Takes" — parted with a pledge to keep Arby's out of the doldrums of recession and drive it ahead of its competition in the 1990s.

"We already know there are no new customers," said Krueger. "The burger giants are fighting to the death, and that's one fight we want no part of. We're offering alternatives."

The test circuit now includes two new grilled chicken sandwiches, two new sub sandwiches, and new items from the Great Southwest Menu: Nacho Curly Fries and Chicken Fajita Pita, according to Krueger.

The Grilled Chicken Deluxe and Grilled Chicken Barbecue sandwiches are under test in several markets, and are the most likely candidates for spring introduction, Krueger said.

He said the Chicken Fajita Pita test is on in Denver and Minneapolis, while the Roast Beef Sub and Italian Sub test is underway in Salt Lake City. But a new roast chicken dinner product is still a year from test, he added.

"Every year, Arby's comes up with a strong marketing program," said Bill Whitehurst, chief financial officer, The Bailey Company, a 61-unit franchisee based in Littleton, Colo.

"What excites me most is the new equipment," said Cliff Sanders, partner in Morath, Inc., a 3-store franchisee in Garland, Texas. A new piece of kitchen equipment that cuts beef-thawing time from 72 hours down to 30 hours will save inventory dollars, he explained.

"We've put a lot of expectations on people's plates," said Belatti.

During the battle of 1989, Posner had become a much-mistrusted name among Arby's franchisees who were backing the $200 million takeover offer of a group called R.B.Partners which was being guided by the exiled Roberts.

The struggle died abruptly, some four months after it began, when Roberts took the presidency of Shoney's, Inc. in Nashville, Tenn. — giving Posner the chance to lift the charismatic Belatti, Arby's former marketing head, into the chief executive's chair.